Representative WIDNALL. The small budget surpluses predicted for both fiscal 1969 and 1970 result from approximately $10 billion surplus in the trust fund account, primarily from social security. Since these trust funds are locked up and can be used for only one purpose, we, in fact, have a substantial deficit for both years; is that not true?

Mr. MAYO. There is a deficiency in what you might call Federal funds as opposed to trust funds; that is correct. We have taken the point of view expressed by the Commission on Budget Concepts, of which I happened to be Staff Director, that the unitary budget concept will be followed in this administration as it was in the last two budgets because it eliminated much of the confusion in the public eye, and if I may say so, in the eyes of the Congress and the administration, as to how to present the budget. In no way does the combining of trust funds with Federal funds affect the sanctity of the trust funds.

Representative WIDNALL. Do you foresee the time when we will have a balanced budget regardless of the trust fund balances?

Mr. MAYO. This would depend on so many conditions I wouldn't care to guess at it today, sir. I can't answer that.

Representative WIDNALL. Mr. Zwick, in his appearance before us a month ago, said the total fiscal 1969 outlays were then estimated at $183.7 billion, but that the information from the first 5 months indicated that outlays ran at an annual corrected rate of $181 billion. He said that we could have a rate of $187 billion for the rest of the year and still hit the estimate. Is it possible we might have even a larger surplus by spending at a lower rate than he suggested for the rest of the year?

Mr. MAYO. I would say that statement is a little on the optimistic side, Mr. Widnall. We have had some evidence already—one that comes to mind immediately is advance payments on feed grains programs that I mentioned in my statement, where there is $168 million to be spent—of higher spending than was estimated in the budget. There are other instances involving a great many programs where there may be a little more spending than was in that budget. Again, Mr. Zwick's statement was, I think, in the ball park, and was a proper statement when it was made. I would be a little less optimistic today, however, than Mr. Zwick was.

But let me ask Mr. Cohn, who is with me here today, whether he sees any other qualifications that he might like to make on those annual rates.

I am always a little afraid of annual rates, because of the way things jump around in Federal spending, Mr. Widnall.

Mr. COHN. Mr. Widnall, I share Mr. Mayo's pessimism about the outcome as Director Zwick laid it out on the basis of data he had through November. For one thing, the farm price support program has, through the great efficiency you get out of computerization, developed a new technique for paying bills. And the whole seasonal pattern has changed. And we have no experience as to what that seasonal pattern is. In an attempt to simplify the situation, Director Zwick made an assumption which gave him a seasonally corrected figure. The expenditures that we now see, based on December data, and the effect of the dock strike, which has tied up wheat shipments so that we are not able to sell abroad as much wheat as we had anticipated, Mr. Zwick did not foresee. As a result spending will be higher, I have no doubt.